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Brazilian Dry Bean Production

Report Categories:

Grain and Feed

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Report Highlights:

Brazil is currently the largest world edible bean producer and consumer. Edible bean production is expected to rebound to 3.45 million metric tons in 2010/11, mainly due to a 25 percent increase in first crop production (harvested November through February). Edible bean consumption, in per capita terms, has decreased over the past decade due to an increase in per capita income and changing food habits.

General Information:

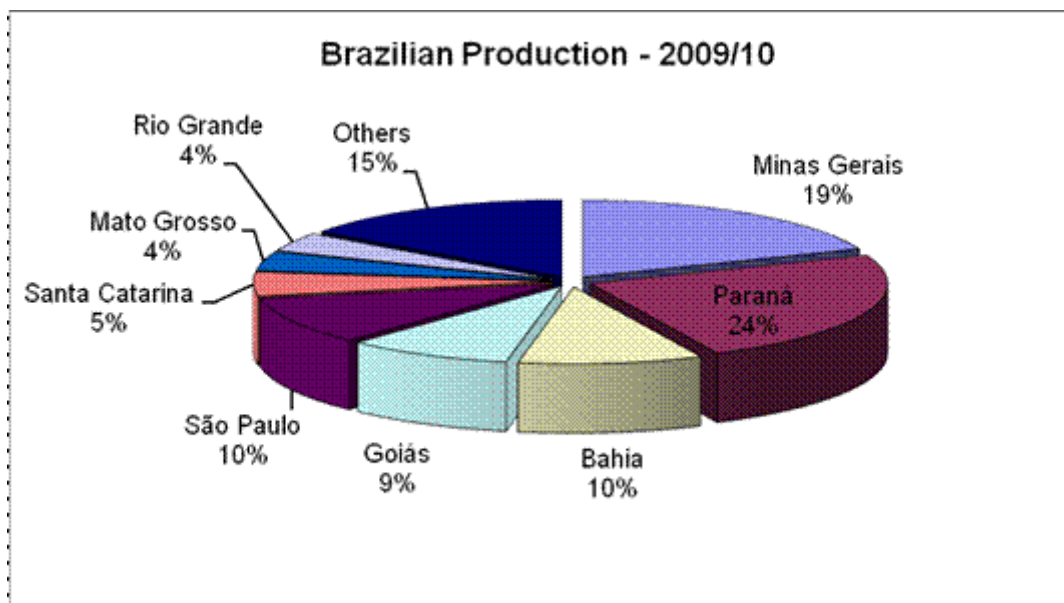
Production:

Dry Bean Production	2008/09		2009/10		2010/11(f)	
Crop	Area Planted	Production	Area Planted	Production	Area Planted	Production
1 st Crop	1313	1243	1410	1463	1420	1550
2 nd Crop	1866	1443	1445	1023	1445	1140
3 rd Crop	820	828	722	722	780	765
TOTAL	3999	3514	3577	3205	3645	3455
Source: CONAB						

The Brazilian Ministry of Agriculture (CONAB) forecasts Brazilian dry bean production for 2010/11 at 3.45 million (mmt) tons, up 5 percent from last year. Area is estimated at 3.6 million hectares, up 1 percent from last year. Yield is forecast at .965 tons per hectare, 6 percent greater than last year and well above the five-year average of .857 tons per hectare.

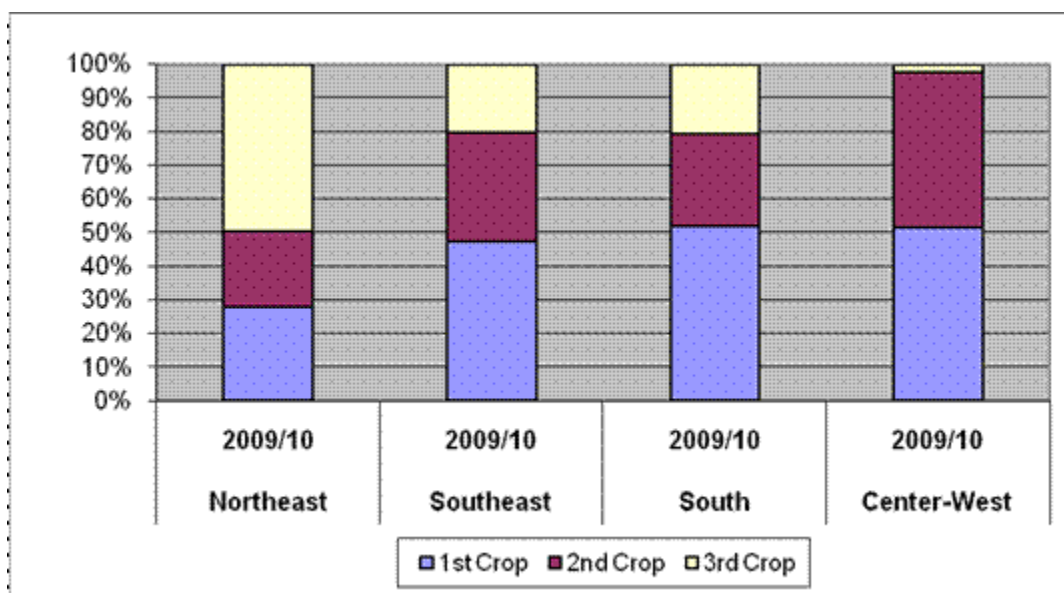
Dry beans are cultivated in nearly every Brazilian state. However, most of the production is concentrated in 8 states, which are responsible for approximately 80% of Brazil's production, which reached an estimated 3.26 million tons in 2009 and distributed in three distinct crops (dry, wet and winter). Family farmers produce about 70 percent of total production.

Brazil produces two varieties of regular beans: Phaseolus and Vigna. Phaseolus beans (Carioca and Black) are cultivated mainly in the Center/South regions of Brazil, while Vigna beans (Macaçar/Caupi) are produced in North/Northeast states. Estimates show that Carioca beans, cultivated in Santa Catarina and spreading throughout Southeastern states, represent over half of Brazilian production, followed by Black beans, where production is concentrated in Southern states. North/Northeastern states predominantly produce Macaçar beans and a great range of other varieties like Mulatinho, Fradinho and Caupi.



Source: Conab

Considering the physical and geographical diversity of Brazil and the diverse climate and soil, it is possible to grow beans in three distinctive seasons during the year, depending on the region. The first crop, which is harvested from November through February, is concentrated in the states in the Southern region of the country. The second crop is harvested from March through June in all regions of Brazil, and the third crop, also called “winter” crop, takes place from May through September in tropical regions of the country.



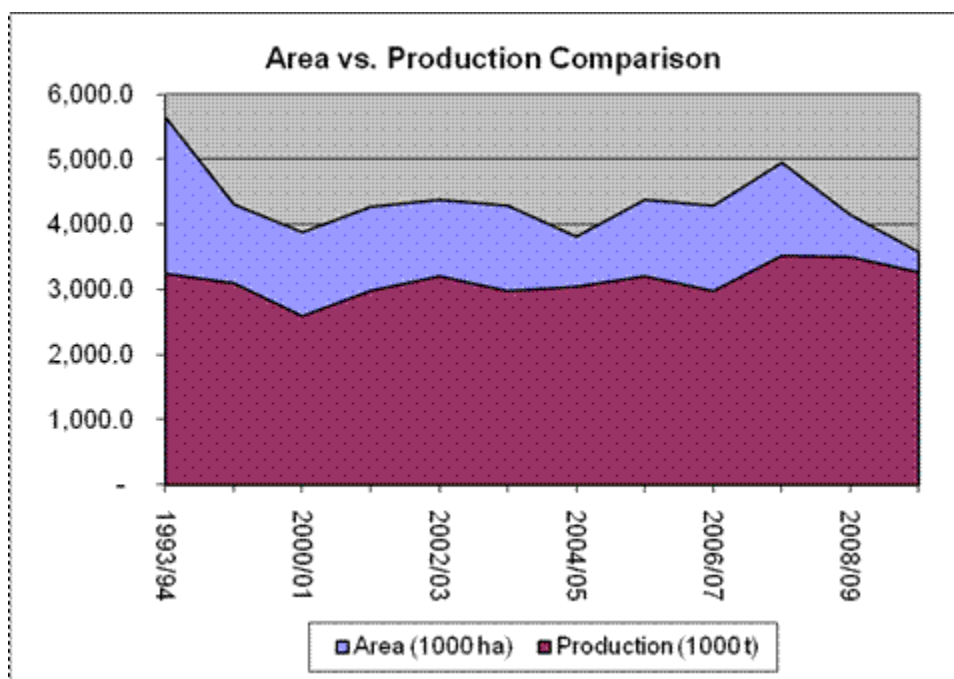
Data source: Conab

Small-scale producers dominate Brazilian regular bean production, but there is growth in the participation of medium and large producers, especially in the Cerrado region (irrigated areas), where research and good land quality has shifted production to that area.

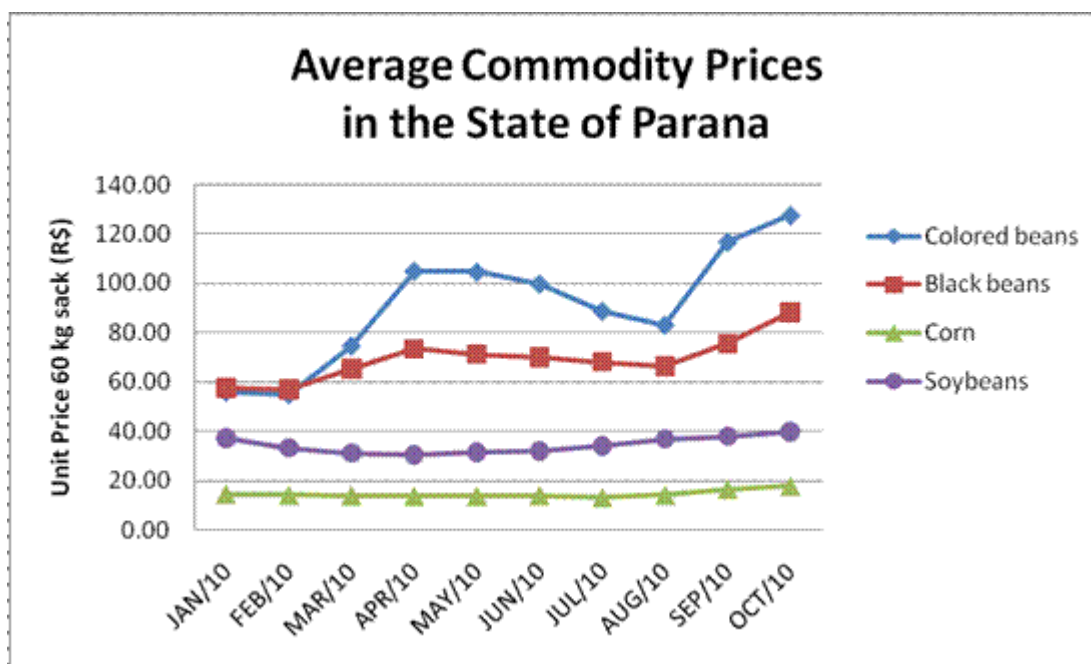
The great variability in yields seen throughout Brazil in bean cultivation is a direct result of the variations in the use of planting technologies. The first crop is considered to have a medium level of technological use, since it is grown during the rainy season, and is more susceptible to climatic changes. The second crop is characterized as a low technology crop, while the third crop is predominantly a hi-tech crop, since its production is concentrated in the irrigated regions of the Cerrado (Brazilian Savannah). Irrigated beans are cultivated exclusively during the third crop (May to September) and benefit more from attractive domestic prices.

The GOB is seeking to increase bean yields by supporting a joint project between the Brazilian Agricultural Research Enterprise (Embrapa) and Monsanto to develop genetically-modified beans resistant to white mold.

Although there have been significant fluctuations in area planted, production has remained fairly constant in the 3.25-3.5 million ton range over the past 5 years. The increasing use of modern techniques by producers, especially in remote regions where productivity rates are historically lower, has shifted the production epicenter from the South to the Northeast regions of the country.



Data source: Conab



Source: Deral

Average Yearly Wholesale Prices in Parana in Real (kg)

	2010*	2009	2008	2007	2006
Black Beans	2.51	2.79	3.81	1.75	1.99
Colored Beans	3.04	2.55	4.64	2.31	2.05

Source: Deral

*Jan-Sept 2010

The edible bean market is characterized by significant oscillations in farm-gate prices. In particular, Carioca bean producers, without climate-controlled storage, are forced to sell at the peak of harvest to avoid penalties due to darker bean color that occurs as the product is stored. On the other hand, well-capitalized producers preserve the market-preferred lighter colorized carioca beans through use of climate-controlled storage and sell on the inter-harvest price upswings. Indeed, the investment cost of climate-controlled storage in many cases can be paid for over one to two seasons.

Consumption:

Brazil is one of the world's largest producers and consumers of beans. Consumption is roughly 15kg per person a year, reaching little over 3 million tons for the past 5 years. Consumption preferences differ in color, grain type and culinary quality in particular regions of the country. A recent increase in demand for higher quality products can be attributed to changes in food habits as shown by a tendency towards higher consumption of industrialized beans. In Brazil, beans are usually consumed with rice, which combined, constitute a low cost, high nutritional value meal. Given its high protein values, beans are usually used as an alternative to meat consumption by lower income families.

The most consumed beans are Carioca (70 percent) followed by Black (20 percent) and Macaçar (8

percent). Although beans are consumed in the entire country, it is important to observe the segmentation of consumption in different regions of Brazil. States like Rio de Janeiro, Santa Catarina, part of Rio Grande Do Sul and the Federal District prefer locally produced Black beans. The great consumption center of São Paulo and other regions prefer Carioca beans. Meanwhile, Macaçar beans are only consumed in the Northeast of Brazil.

According to industry sources, consumption has fallen from 26 kg per person in 1970 to just 15 kg per person in 2009. One reason for the fall in consumption over the last 35 years, in per capita terms, is an increase in the population's income, causing substitution by other sources of proteins (beef and poultry) and a decrease of the relative prices of other foods, such as pasta. Rural exodus to urban migration has also contributed to changes in food habits. It is well known that beans are losing space in the diet of Brazilians, mainly class "C" consumers (working class, low income). Other segments, such as industrial kitchens (out of home meals) and basic food basket companies are increasing their market share.

Trade:

Imports

In 2009, Brazilian dry bean import volume fell 50 percent to 98,000 metric tons (mt) from 2008's record of 198,000 mt. From Jan-Sept 2010, about 90,000 mt of beans were imported, source expect total imports of around 100,000 mt. Argentina continues to be the chief source of imports accounting for two-thirds of total imports YTD in 2010 followed by Bolivia with 17 percent and China with 13 percent. Although Brazil's purchases from China have fallen from 86,000 mt in CY2008 to 11,000 mt in 2009, China has been able to establish itself as the top non-Mercosul exporter. As recently as CY2007, China's exports were only 550 MT.

Country of Origin	2008	2009	Jan-Sept 2010
Argentina	75.5	47.9	61.3
Bolivia	26.3	37.5	15.3
China	85.9	11.1	11.7
Others	32.3	1.8	1.5
TOTAL	193	98.3	89.8

Source: Brazilian Secretariat of Foreign Trade (SECEX)

Brazil's edible bean exports are insignificant. A very small share of Brazilian producers offers their products to foreign markets.